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# Michigan State Housing Development Authority

(a component unit of the State of Michigan)

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## **Federal Awards Supplemental Information**

**June 30, 2018**

### **Independent Auditor's Reports**

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**Independent Auditor's Report**

To the Board of Directors and  
Mr. Doug A. Ringler, CPA, CIA,  
Auditor General, State of Michigan  
Michigan State Housing Development Authority

We have audited the financial statements of the business-type activities and the discretely presented component unit of Michigan State Housing Development Authority (the "Authority") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 22, 2018, which contained an unmodified opinion on the financial statements of the business-type activities and the discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 22, 2018.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

March 7, 2019

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Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government  
Auditing Standards*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management, the Board of Directors, and  
Mr. Doug A. Ringler, CPA, CIA,  
Auditor General, State of Michigan  
Michigan State Housing Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Michigan State Housing Development Authority (the "Authority") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 22, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management, the Board of Directors, and  
Mr. Doug A. Ringler, CPA, CIA,  
Auditor General, State of Michigan  
Michigan State Housing Development Authority

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 22, 2018

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Report on Compliance for Each Major Federal  
Program and Report on Internal Control Over  
Compliance Required by the Uniform Guidance

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required  
by the Uniform Guidance

**Independent Auditor's Report**

To the Board of Directors and  
Mr. Doug A. Ringler, CPA, CIA,  
Auditor General, State of Michigan  
Michigan State Housing Development Authority

**Report on Compliance for Each Major Federal Program**

We have audited Michigan State Housing Development Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2018.



To the Board of Directors and  
Mr. Doug A. Ringler, CPA, CIA,  
Auditor General, State of Michigan  
Michigan State Housing Development Authority

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

March 7, 2019

# Michigan State Housing Development Authority

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Distributed to Subrecipients	Total Expenditures
Clusters:				
U.S. Department of Housing and Urban Development:				
Section 8 Project-based Cluster:				
Section 8 - Contract Administration	Various	14.182	\$ -	\$ 234,988,381
Section 8 - New Construction/Substantial Rehabilitation	Various	14.182	-	112,735,913
Section 8 - Lower Income Housing Assistance Program - Moderate Rehabilitation	Various	14.856	-	1,336,396
Total Section 8 Project-based Cluster			-	349,060,690
Housing Voucher Cluster - Section 8 Cluster:				
Section 8 - Housing Choice Vouchers	Various	14.871	-	192,257,439
Mainstream Vouchers	Various	14.879	-	252,808
Total Housing Voucher - Section 8 Cluster			-	192,510,247
Total Clusters			-	541,570,937
Noncluster programs:				
U.S. Department of Housing and Urban Development:				
Home Investment Partnership Program:				
Home Investment Partnership	M-17-SG-260100	14.239	1,984,682	13,698,858
Technical Assistance	MICH-002-09	14.239	161,609	161,609
Total Home Investment Partnership Program			2,146,291	13,860,467
Housing Counseling Program				
	HC160341007	14.169	115,103	115,103
	HC170341008	14.169	444,065	458,162
Total Housing Counseling Program			559,168	573,265
Continuum of Care Program				
	MI0464L5F001500	14.267	108,821	130,687
	MI0518L5F001600	14.267	129,978	194,398
	MI0009L5F001609	14.267	552,700	552,700
	MI0007L5F001609	14.267	134,958	134,958
	MI0009L5F001508	14.267	81,897	81,897
Total Continuum of Care Program			1,008,354	1,094,640
Emergency Shelter Grants Program				
	E-14-DC-26-001	14.231	696	696
	E-15-DC-260001	14.231	61,611	61,611
	E-16-DC-260001	14.231	2,804,886	2,804,886
	E-17-DC-260001	14.231	2,825,656	2,825,656
Total Emergency Shelter Grants Program			5,692,849	5,692,849
ARRA - Neighborhood Stabilization Program	B-09-CN-MI-0035	14.256	2,864,664	2,864,664
Program of Section 811 Supportive Housing for Persons with Disabilities	MI28DRD1301	14.326	-	(2,929)
Family Self-Sufficiency Program				
	MI901FSH320A016	14.896	-	483,000
	FSS17MI0418	14.896	-	484,062
Total Family Self-Sufficiency Program			-	967,062
Total U.S. Department of Housing and Urban Development			12,271,326	566,620,955
U.S. Department of Transportation - Passed through Michigan Department of Transportation - Highway Planning and Construction Cluster - Highway Planning and Construction				
	ENH200500043 / STP 0884 (048) / ENH200700037	20.205	509,463	509,463
U.S. Department of the Interior -				
Historic Preservation Fund Grants-in-Aid				
	P16F00097	15.904	115,764	115,764
	P16AP00132	15.904	125,574	125,574
	P17AF00017-0001	15.904	-	1,029,071
Total U.S. Department of the Interior			241,338	1,270,409
Total federal awards			\$ 13,022,127	\$ 568,400,827

See notes to schedule of expenditures of federal awards.

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2018**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Michigan State Housing Development Authority (the "Authority") under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**Michigan State Housing Development Authority**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2018**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes   X   None reported

Noncompliance material to financial statements noted?            Yes   X   None reported

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?            Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?            Yes   X   No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.871 and 14.879	Housing Voucher Cluster

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?   X   Yes            No

**Michigan State Housing Development Authority**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2018**

**Section II - Financial Statement Audit Findings**

Reference Number	Finding
<b>Current Year</b>	None

**Section III - Federal Program Audit Findings**

Reference Number	Finding	Questioned Costs
<b>Current Year</b>	None	